

Promissory Note & Scholarship Loan Agreement

THIS PROMISSORY NOTE AND SCHOLARSHIP LOAN AGREEMENT (hereinafter “the Note”) is by and among the undersigned maker (hereinafter “the Fellow”), the Fellow’s surety and the North Carolina Teaching Fellows Commission (hereinafter “the Commission”).

WHEREAS, the North Carolina Teaching Fellows Program is designed to identify the best North Carolina high school seniors who have the academic talent, the personal character, the potential for leadership, and the interest in teaching necessary to be exceptional teachers in order to assist those students to become teachers by awarding them scholarship loans for four (4) years of undergraduate study, repayable through the means of service;

WHEREAS, the undersigned (hereinafter “Fellow”) has been selected by the Commission to participate in the North Carolina Teaching Fellows Program and to receive scholarship loans there under.

NOW, THEREFORE, for and in consideration of the award of a scholarship loan for each of the Fellow’s four (4) academic years of undergraduate study, the Fellow and his/her surety jointly and severally promise to pay to the Commission, its successors or any subsequent holder of this Note, the total principal amount of all funds advanced to the Fellow under this Note, up to the maximum amount of Twenty-six Thousand and No/100 dollars (\$26,000.00), with interest on the unpaid principal at the rate of ten percent (10%) per annum, subject to the following terms and conditions:

1. SCHOLARSHIP LOANS Provided that the Fellow continuously complies with the laws of the United States of America and North Carolina, all of the terms, conditions and policies of the Commission and the policies of the institutions of higher education in which the Fellow is enrolled, the Commission shall award a scholarship loan of six Thousand Five Hundred No/100 dollars (\$6,500.00) to the Fellow during each of the Fellow’s four (4) academic years of undergraduate study, subject to the terms and conditions hereinafter set forth or incorporated by reference.

Upon receipt of any funds from the Commission pursuant to the scholarship loans provided for therein, the Fellow shall execute a certificate in the form of and containing the terms and conditions set forth in the Certificate of receipt of scholarship Loan Funds.

2. ACADEMIC REQUIREMENTS At all times during each of the Fellow’s four (4) academic years of undergraduate study, the Fellow shall (a) remain enrolled as a full-time student at an institution of higher education participating in the North Carolina Teaching Fellows Program (“full-time” as used herein is defined in accordance with the institution’s guidelines); (b) pursue continuously, as a full-time student, studies that will qualify the Fellow to teach in North Carolina’s public schools upon graduation; (c) maintain a minimum cumulative 2.0 GPA at the end of the Fellow’s first semester of the freshman year, a minimum cumulative 2.25 GPA at the end of the freshman year, and a minimum cumulative 2.50 GPA at the end of the sophomore year, including course work in his/her teaching field and each semester thereafter. Fellows must also maintain appropriate credit hours by the end of the first semester freshman year and each semester thereafter; (d) be admitted into Teacher Education by the end of the first semester of his/her junior year; and (e) participate in designated campus activities and special enrichment programs or internships and other activities as directed by the Commission, unless the Fellow receives an exemption from said activities pursuant to the procedure from time to time as designated by the Commission.

The Fellow’s failure to comply with any condition specified in this paragraph shall be a default hereunder. In the event that the Commission determines that such a default has occurred, the Commission shall notify the Fellow in writing of its determination and upon the Commission’s giving of such notice, this Note shall become due and payable immediately and interest at the rate stated herein shall begin to accrue on the unpaid portion of the principal sum. Repayment shall be made over a period of seven (7) years, beginning on the 180th day following the Commission’s notice of default to the Fellow. The particular terms and conditions of repayment that apply to this Note shall be set forth in a separate document, known as a repayment schedule, that the Commission shall provide to the Fellow before the repayment period begins.

3. FORGIVENESS BY MEANS OF SERVICE This Note shall be forgiven as provided by law and the rules of the Commission if, within seven (7) years following the Fellow’s graduation from an institution of higher education participating in the North Carolina Teaching Fellows Program, the Fellow (a) has served in North Carolina’s public schools as a teacher on a full-time basis for a period of four (4) school years or (b) a period of three (3) school years if in a school system classified by the state Board of education as low performing or on warning status at the time the Fellow accepts employment with the system or (c) has served in a school operated by the federal government in North Carolina as a teacher on a full-time basis for a period of four (4) school years or three (3) school years if low performing or warning status. For purposes of this section, “each full school year” is defined as teaching in a North Carolina public school for not less than six calendar months within one fiscal year. Service as a tutor, substitute teacher, part-time teacher, lateral-entry teacher, administrator, or service in a non-public school or community college or institution of higher education may not be used to discharge any amounts owing.

4. NOTICE OF INTENT TO SEEK FORGIVENESS Within 90 days following the Fellow’s graduation from an institution of higher education participating in the North Carolina Teaching Fellows Program, the Fellow shall notify the Commission of his/her intention to seek, or to forego, forgiveness of the scholarship loans evidenced by this note by so affirming on the verification of employment form provided by the Commission.

If the Fellow notifies the Commission of the Fellow’s intention to seek forgiveness of the scholarship loans evidenced by this Note, the Fellow annually thereafter shall provide the Commission with verification of employment by a date determined by the Commission in each ensuing year until service is completed. Said verification of employment shall be executed by the school system personnel director and certify for the applicable school year, that the Fellow has a position as a teacher on a full-time basis in a North Carolina public school or a school operated by the federal government in North Carolina. The referenced verification shall be submitted by the Fellow to the Commission on or before the date designated by the Commission for the current applicable year. The Fellow shall also reaffirm full-time employment as a teacher for the immediately preceding applicable school year on the verification form.

5. EXTENSION OF FORGIVENESS PERIOD Upon application of the Fellow by the date set by the Commission prior to the year of extension, the seven (7) year period for forgiveness of this Note through the means of service as provided herein, may be extended by the Commission for up to three (3) years on a year-to-year basis for each year if:

- The Fellow is enrolled as a full-time graduate student at an institution of higher education in a master’s degree program related to the teaching license (i.e., not a doctoral program);
- The Fellow is on active duty with the Armed Forces of the United States; or
- The Commission, in its sole discretion, determines that the circumstances stated in the Fellow’s application warrant an extension; however, in no event shall the Commission grant more than three (3) such yearly extensions to the Fellow.

6. ACCRUAL OF INTEREST except as otherwise provided herein, upon the Fellow’s graduation from an institution of higher education, interest at the rate stated herein shall begin to accrue on the unpaid portion of the principal sum of this Note. This Note shall become due and payable immediately upon the happening of any of the following events:

- Notice to the Commission by the Fellow in accordance with Paragraph 3 that the Fellow does not intend to seek forgiveness of this Note through the means of service as provided herein;
- A determination by the Commission that the Fellow does not intend to seek forgiveness of this Note through the means of service; or
- A determination by the Commission that the Fellow cannot receive forgiveness of this Note within the time frames specified in Paragraphs 3 and 5 hereof.

7. USE OF SCHOLARSHIP LOAN FUNDS The Fellow hereby acknowledges and agrees that monies obtained as a result of signing this Note shall be used solely for the expenses of attending an institution of higher education participating in the North Carolina Teaching Fellows Program for the purpose of preparing to become a teacher, including without limitation tuition, room and board, fees, books, supplies and equipment, laboratory expenses and transportation and commuting costs and other reasonable and authorized educational expenses.

8. SURETY The Fellow and the surety together affirm that the surety to this Note is over twenty-one (21) years of age, a resident of North Carolina, is regularly employed and has assets sufficient to repay the indebtedness evidenced by this Note in the event that the Fellow does not fulfill the requirements for forgiveness of the Note by means of service. For applicants under eighteen (18) years of age, the surety must be a parent or guardian.

9. WAIVER The Fellow and the surety to this Note hereby waive presentment for payment, demand, protest, notice of protest, nonpayment and dishonor and any and all other notices and demands whatsoever and agree that any extension or extensions of time for payment of this Note for a definite or indefinite time shall not affect their liability hereunder and hereby waive all notice of such extension. The Fellow and the surety acknowledge and agree that the Commission, its successors or subsequent holders of this Note may accept payments on account of principal and interest after maturity. The Fellow and the surety agree to continue and remain jointly and severally bound hereunder until payment is made in full either by repayment of the indebtedness evidenced by this Note or by forgiveness by means of service as provided herein.

10. LIABILITY FOR COLLECTION EXPENSES The Fellow and the surety acknowledge and agree that in the event the Commission deems it necessary to refer all or any portion of the unpaid principal or interest evidenced by this Note to an attorney or collection agency for collection, the Fellow and the surety jointly and severally shall be charged and bound to pay the amount of attorney fees or collection agency fees resulting from said referral. The Fellow and the surety agree to pay all charges and other costs, including attorney fees that are permitted by federal and state law and regulations and are necessary for the collection of these amounts.

11. TRANSFER The Fellow and the surety acknowledge and agree that the Commission may transfer this Note and the underlying indebtedness and upon such transfer, the undersigned shall have the same rights and responsibilities with regard to the new holder that the undersigned had with regard to the Commission.

12. REPAYMENT Whenever repayment of the indebtedness evidenced by this Note is referred to herein, including without limitation in Paragraphs 2 and 6, repayment shall be made on a monthly basis over a period not exceeding seven (7) years and the first installment shall be due on the 180th day following the Commission's written notice to the Fellow. The particular terms and conditions of repayment shall be set forth in a separate document, known as a repayment schedule, that the Commission shall provide to the Fellow prior to the beginning of the repayment period.

13. DEATH OR DISABILITY This loan shall be forgiven upon death or permanent disability of the Fellow if the Commission finds that it is impossible for the Fellow to receive forgiveness as provided in paragraph 3 hereof.

14. DEFAULT in the event of default, the Commission may revoke this loan; declare the entire unpaid amount of indebtedness evidenced by this Note or any part thereof, including interest, immediately due and payable; reduce the amount of the loan; alter the terms of repayment; or require additional service. A default hereunder may preclude further participation by the Fellow in the North Carolina Teaching Fellows Program. The following events in addition to those otherwise set forth herein and not by way of limitation, shall be considered a default hereunder:

- a. Failure to maintain required cumulative GPA and credit hours;
- b. Failure to maintain satisfactory progress toward graduation with licensure to teach as defined by the institution;
- c. Failure to comply with any of the terms and conditions stated herein;
- d. Failure to pursue a full-time program in teacher education or course work leading to SDPI licensure, or permanent withdrawal from college for any reason;
- e. Failure to be admitted to the college's teacher education program by the junior year;
- f. Failure to remain continuously enrolled as a full-time student in the college or university;
- g. Failure to notify the Commission of a change in the Fellow's name, address, telephone number or school enrollment status;
- h. Failure to notify the Commission in writing within ninety (90) days of the Fellow's graduation of the Fellow's intentions concerning forgiveness of the indebtedness evidenced by this Note;
- i. Insolvency, assignment for the benefit of creditors or the filing of a petition in bankruptcy by or on behalf of the Fellow;
- j. Use of the proceeds of this Note for other than payment of costs of attendance at an institution of higher education participating in the North Carolina Teaching Fellows Program;
- k. Any representation, warranty or statement made or furnished to the Commission by or on behalf of the Fellow in connection with this Note proving to have been false in any material respect when made or furnished;
- l. Failure to perform any obligation, covenant, liability or agreement contained or referred to herein;
- m. Violation of any North Carolina or federal criminal law, including alcohol or drug enforcement laws, but not minor traffic offenses;
- n. Failure to make a payment when due;
- o. Failure to maintain on-campus residency in campus housing for the freshman year; or
- p. Violation of policies of the institution of higher education in which the Fellow is enrolled.

Failure of the Commission or any subsequent holder of this Note to exercise any option available to said holder shall not constitute a waiver of the right to exercise such option in the event of a future default. No delay or omission on the part of the Commission or any subsequent holder of this note in exercising any right hereunder shall operate as a waiver of such right or of any other right of such holder nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or of any other right on any future occasion.

Upon default, the Commission will notify the Fellow, in writing, of such default. The notice of default will be by certified mail, return receipt requested, addressed to the Fellow at the last address on file with the Commission. Refusal or non-delivery at that address shall be deemed delivery after seven (7) days.

Upon default, the Commission may disclose that the Fellow has defaulted, along with other relevant information, to credit bureau organizations. Furthermore, the Commission may turn the loan over to the Attorney General's Office and that office may disclose that the Fellow has defaulted, along with other relevant information, to credit bureau organizations.

15. GENERAL PROVISIONS The Fellow hereby acknowledges receipt of a copy of this Note. This Note shall be deemed to have been made under and shall be governed by the laws of the state of North Carolina in all respects, including matters of construction, validity and performance. The indebtedness evidenced by this Note is unsecured and the Fellow shall not be obligated to provide security for this Note. The Fellow acknowledges and agrees that even though the Fellow may be under eighteen (18) years of age, the Fellow is legally obligated under section 116-174.1 of the General statutes of North Carolina for repayment of this Note.

16. FELLOW'S RESPONSIBILITY The Fellow hereby acknowledges and agrees that so long as said Fellow is participating in the North Carolina Teaching Fellows Program, said Fellow shall abide by the rules and policies set by the Commission and shall:

- a. Report grades and credit hours to the designated campus director each semester;
- b. Keep current name, address and telephone number on file with the Commission;
- c. Participate in the evaluation of the North Carolina Teaching Fellows Program;
- d. Assist with the orientation of new Fellows and, when possible, participate in the recruitment of future Fellows;
- e. Maintain on-campus residency in campus housing for the freshman year unless at a campus which has an approved waiver by the Commission;
- f. Participate in designated campus activities and enrichment programs unless specifically exempted by the North Carolina Teaching Fellows Commission. An extension request must be specific and may not be construed as extending to any other Teaching Fellows Program responsibility. A request for exemption must be in writing and pursuant to such rules as the Commission may from time to time designate; and
- g. Sign a Certificate of receipt of scholarship Loan Funds each time funds are disbursed to the Fellow pursuant to this Note.

17. FELLOW'S FOLLOW-UP The Fellow acknowledges and agrees that following said Fellow's graduation the Fellow shall:

- a. Keep current name, address, telephone number and employment information on file with the Commission;
- b. Complete any and all surveys designed for research and longitudinal study purposes; and,
- c. Provide verification of employment annually as provided in Paragraph 3 hereof.

18. ESCROW The Teaching Fellows Commission will place up to \$400 of each award per year in escrow for enrichment programs.

19. PREPAYMENT The Fellow or the surety may prepay, without penalty, any or all of the principal or accrued interest evidenced by this Note at any time.

20. INVALID PROVISION Wherever possible, each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of any such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note.

21. PARAGRAPH HEADINGS The paragraph headings are for the convenience of reference only and shall not be considered terms of this Note. Whenever required by the context, the masculine gender shall include the feminine, the singular, the plural, and vice-versa.

22. NOTICE Notices pursuant to this Note shall be in writing delivered in person or by certified or registered United States mail, return receipt requested. The last or best known address on file with the Commission shall be utilized and refusal or non-delivery at said address shall be deemed delivery after seven (7) days.

23. AMENDMENT This Note may be altered, amended or modified only by a writing signed by all of the parties hereto, and any written waiver of any requirement by all parties shall be for that one (1) occasion and shall not be continued unless expressly so provided in writing.

24. BINDING EFFECT This Note shall be binding upon the Fellow and the surety and the heirs, executors, administrators, successors and assigns thereof and shall inure to the benefit of and be enforceable by the Commission, its successors, transferees and assigns.